

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 CIAE-00 COME-00 DODE-00

DOT-00 FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-03

FEA-01 SS-15 INT-05 NSC-05 L-02 SP-02 PRS-01 /072 W

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R 301200Z MAR 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2618

INFO AMEMBASSY MADRID

C O N F I D E N T I A L KUWAIT 1383

E.O. 11652: GDS

TAGS: EWWT, ENRG, PFOR KU US

SUBJECT: GULF OIL COMPANY CHARTER OF KUWAIT OIL TANKERS  
COMPANY VESSEL

REF: STATE 71290 AND PREVIOUS

1. EMBOFF DISCUSSED REFTTEL WITH STRAND, GULF VP GOODMAN AND OTHERS SUNDAY, MARCH 30. GULF OFFICIALS REMAIN CONCERNED OVER SITUATION, AND UNLESS MARAD CAN WAIVE CONDITIONS OF SALE, AT LEAST WITH RESPECT TO KOTC, THERE IS GENERAL AGREEMENT HERE THAT SERIOUS PROBLEMS BOTH FOR GULF AND FOR USG COULD DEVELOP.

2. FUNDAMENTAL PROBLEM IS THAT ABD AL-AZIZ AL-SAGAR, KOTC CHAIRMAN REFUSES TO SIGN AGREEMENT WITH WHAT HE CONSIDERS INSULTING LIMITATIONS ON HIS OWNERSHIP. AS NOTED PREVIOUSLY AL-SAGAR, OTHER KUWAITIS INCLUDING BOARD OF KOTC AND GOK (WHICH IS EXPECTED BUY 49 PERCENT OF HITHERTO PRIVATELY OWNED COMPANY) ALL CONSIDER BROAD LANGUAGE OF MARAD IMPOSED CONDITIONS TO BE UNAUTHORIZED EXTENSION OF USG JURISDICTION WHICH THEREFORE CHALLENGES GOK SOVEREIGNTY. PROBLEM, THEREFORE, LIKELY TO INVOLVE GOK AND USG ON MATTER OF LEGAL PRINCIPAL.

3. IN ADDITION, HOWEVER, ARE THE POLITICAL RAMIFICATIONS OF THIS  
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PARTICULAR TRANSACTION. AL-SAGAR IS AN EXTREMELY IMPORTANT POLITICAL FIGURE IN KUWAIT. GULF REPS SAID HE HAS BEEN PLAYING

IMPORTANT PART IN TRYING TO GET PRIME MINISTER/CROWN PRINCE TO MODERATE GOK POSITION IN CURRENT NEGOTIATIONS WITH GULF AND BP (SEPTTEL). INEVITABLY PRIME MINISTER WILL BE BROUGHT INTO PICTURE, IF THERE IS NO MARAD WAIVER. WE CAN EASILY FORESEE LOCAL PRESS, PARLIAMENT AND PUBLIC USING THIS MATTER TO EMBARRASS USG, PARTICULARLY IN LIGHT OUR EFFORTS GET GOK TO CHANGE ITS PRACTICES WITH RESPECT TO BOYCOTT OF ISRAEL.

4. KOTC/GULF ARRANGEMENT OF AL-ANDALUS TANKER HAS BEEN A MATTER OF MUCH PUBLICITY. OUR BEST PRESENT JUDGMENT, HOWEVER, IS THAT DEAL WILL FALL THROUGH IF OFFENSIVE LANGUAGE CANNOT BE WAIVED OR REMOVED. THIS COULD WELL LEAD TO PROBLEMS NOTED ABOVE.

5. ISSUE SEEMS TO BOIL DOWN TO WHETHER THERE ANY WAY WAIVER OR SIMILAR STEP CAN BE TAKEN. STATE CABLES HAVE NOT RPT NOT PROVIDED INFO ON THIS POINT WHICH WE REQUESTED IN OUR INITIAL CABLE. (KUWAIT 1248). SIZE OF SHIP (83 FOOT DRAFT, 260,000DWT) MAKE IT HIGHLY UNLIKELY THAT IT WILL BE USED IN MANNER THAT WOULD CONTRAVENE SHIPPING ACT. MOREOVER IT WILL BE UNDER GULF CHARTER FOR TWENTY YEARS. GULF VP GOODMAN TOLD EMBOFF HIS COMPANY WOULD BE WILLING PAY \$100,000 PERFORMANCE BOND AND TO SIGN CONTRACT WITH MARAD CONTAINING VARIOUS CONDITIONS IN PRESENT DRAFT CONTRACT. BUT HE EMPHASIZED IT ESSENTIAL THAT KOTC NOT RPT NOT BE FORCED TO AGREE TO THESE TERMS.

6. ACTION REQUESTED: I WOULD LIKE TO BE INFORMED AS TO WHAT IS REQUIRED FOR MARAD OR SOMEONE ELSE TO EFFECT A WAIVER OF THE CONDITIONS ATTACHED TO MARAD'S APPROVAL OF THE GULF SALE OF THE ANDALUS TO KOTC.

7. COMMENT: OUR CONVERSATIONS WITH SENIOR GULF REPS HERE LEAD US TO CONCLUDE THAT THEY NOT AS CALM AS REFTEL INDICATES BLACKLEDGE IS. I AM NOT CERTAIN WE HAVE MADE CLEAR ENOUGH IN PREVIOUS MESSAGES THAT IT IS OUR JUDGEMENT THAT IF ANDALUS DEAL FALLS THOUGH BECAUSE OF PROBLEM UNDER DISCUSSION, PECULIAR NATURE OF TRANSACTION ITSELF IN THE KUWAITI CONTEXT, ITS TIMING AND THE ISSUES AND PEOPLE INVOLVED WILL COMBINE ALMOST CERTAINLY TO HARM LARGER US POLITICAL AND ECONOMIC INTERESTS HERE. I THEREFORE URGE THAT MEANS BE FOUND TO WAIVE CONDITIONS, IF AT  
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ALL POSSIBLE.  
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## Message Attributes

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